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Via e-mail

Ms. Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

**Re: Docket No. R-1662, RIN 7100-AF 49
Notice of Proposed Rulemaking on Control and Divestiture Proceedings**

Dear Ms. Misback:

The Office of the State Bank Commissioner of Kansas (OSBC) appreciates the opportunity to comment on the proposed rule issued by the Board of Governors of the Federal Reserve System (Board) regarding controlling influence inquiries under the Bank Holding Company Act and the Home Owners' Loan Act. The OSBC thanks the Board for its efforts to clarify and codify the presumptions of control and surrounding definitions and rules. The OSBC conducts similar controlling influence inquiries under Kan. Stat. Ann. 9-519(b). After reviewing the proposed rule, we have some questions on matters for which we would like further clarification:

1. How does the aggregation for control of securities in 225.9(c) and 238.10(c) interplay with the aggregation presumption in 225.32(d)(6) and 238.22(d)(6)? Further, the proposed regulations suggest a threshold percentage based on all voting securities in 225.9(c) and 238.10(c), but the supplementary information suggests a threshold percentage based on any class of voting securities. Which one is intended?
2. Subsidiary is essentially defined in 18 U.S.C. § 1841(d) as a controlled company. Parent company is defined in 225.34(d) and 238.24(d) as a company that controls another company. But 225.2(e)(2)(vi) and 238.2(e)(5)(vi) seem to draw a distinction between different kinds of controlled companies based on an "investment." Please verify whether "controlled company" and "subsidiary" are equivalent terms in the context of the proposed rule. And please explain the "investment" distinction made in 225.2(e)(2)(vi) and 238.2(e)(5)(vi).
3. Regarding the exception to the divestiture presumption as proposed for 225.32(i)(2) and 238.22(i)(2), the supplementary information says the other shareholder only need control a majority for each voting class sold, but the regulation says the other shareholder has to control a majority of each and every voting class. Which one is intended?

4. In the supplementary information, the first example of a limiting contractual right contains four subpoints. In the proposed regulation, the corresponding example of a limiting contractual right only contains three subpoints, leaving out "materially altering policies or procedures." Which one is intended?
5. For the total equity presumption in 225.32(c) and 238.22(c), the proposed regulation says, "one third or more," and the supplementary information says, "more than one-third." Which one is intended?
6. For director representatives, chairs, and committees, the regulations refer to subsidiaries, but the supplementary information appears silent regarding subsidiaries. How do the proposed rules regarding directors compare to historical practice, specifically regarding subsidiaries?
7. The presumption for limiting contractual rights in 225.32(d)(5) and 238.22(d)(5) includes an exception for mergers and acquisitions, but the supplementary information appears silent regarding this exception. How does this exception compare to historical practice?
8. The supplementary information regarding the accounting consolidation presumption does not specify how it compares to historical practice. How does the accounting consolidation presumption compare to historical practice?

We appreciate this opportunity to comment on the proposed rulemaking. Please let me know if you have any questions or would like additional information.

Sincerely,



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